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*REPORT TO THE SUBCOMMITTEE ON  
EMPLOYMENT, POVERTY,  
AND MIGRATORY LABOR  
COMMITTEE ON LABOR  
AND PUBLIC WELFARE  
UNITED STATES SENATE*

**Public Employment Programs In  
Selected Rural And Urban Areas**

B-163922

Department of Labor

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

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**093343**

AUG. 1, 1973



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D C 20548

B-163922

The Honorable Gaylord Nelson  
Chairman, Subcommittee on Employment,  
Poverty, and Migratory Labor  
Committee on Labor and Public Welfare  
United States Senate

Dear Mr. Chairman

This is the eighth of a series of reports in response to your letter of July 28, 1971, requesting us to review and evaluate Department of Labor programs to implement the Emergency Employment Act of 1971 (85 Stat. 146). This report provides information on public employment programs in selected rural and urban areas.

We reviewed activities of six program agents who administer section 5 and section 6 programs, which involved \$45.9 million in Federal grants during the first program year.

This report was discussed with program officials of Labor and representatives of certain program agents, and their views were considered in its preparation. However, at the request of your office, we did not submit this report to Labor or to the program agents for formal review or comments.

We are sending copies of this report to the Director, Office of Management and Budget, and the Secretary of Labor.

We believe that this report would be of interest to other committees and Members of Congress and agency officials. Therefore, as you have agreed, we are distributing copies accordingly.

Sincerely yours,

A handwritten signature in cursive script that reads "Thomas P. Staats".

Comptroller General  
of the United States

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ABBREVIATIONS

EEA	Emergency Employment Act of 1971
GAO	General Accounting Office

COMPTROLLER GENERAL'S REPORT  
TO THE SUBCOMMITTEE ON EMPLOYMENT,  
POVERTY, AND MIGRATORY LABOR  
COMMITTEE ON LABOR AND  
PUBLIC WELFARE  
UNITED STATES SENATE

PUBLIC EMPLOYMENT PROGRAMS IN  
SELECTED RURAL AND URBAN AREAS  
Department of Labor  
B-163922

D I G E S T

WHY THE REVIEW WAS MADE

This report, eighth in a series, in response to a request by the Subcommittee Chairman, deals with public employment programs administered by cities and counties serving as program agents in selected rural and urban areas under the Emergency Employment Act of 1971 (EEA).

The Subcommittee was concerned with how EEA programs were affecting large urban and depressed rural areas where unemployment is substantially higher than the national average. It also was concerned with whether a public employment program limited to target areas of substantial unemployment could feasibly be continued during periods of relatively low unemployment.

To obtain desired information, GAO evaluated program impact in two large cities--New York and Detroit--and eight rural areas in three States--Louisiana, Kentucky, and Washington. It emphasized ascertaining whether program agents could successfully operate a program limited to specific target areas in their localities.

Background

To implement the programs, the Department of Labor awarded grants totaling \$983.5 million during the first program year to 657 States,

counties, cities, and Indian tribes serving as program agents under EEA sections 5 and 6.

Section 5 funds are for public service employment and for other purposes when the Secretary of Labor determines that the national unemployment rate (seasonally adjusted) has been 4 5 percent or more for 3 consecutive months.

Section 6 funds are for public service employment only in areas which the Secretary determines had a rate of unemployment of 6 percent or more for 3 consecutive months.

About 266,000 persons were placed in EEA jobs through September 1972.

Previous GAO reports have commented on allocation of funds, delays in hiring, preparation and approval of program plans, selection and enrollment of participants, types of jobs offered to unemployed persons, the impact on unemployment among Indian tribes, and service benefits from EEA jobs. (See app. I for titles of issued reports.)

In accordance with Subcommittee arrangements, GAO did not submit this report to Labor or program agents for formal review. However, it was discussed informally with Labor officials and certain program agent representatives.

## FINDINGS AND CONCLUSIONS

Many rural and urban areas throughout the country have been persistently plagued by high unemployment and have been unable to meet public service needs because of revenue shortages

Therefore hard-pressed units of local government in these areas have welcomed EEA programs. Besides providing jobs for residents, EEA has enabled large cities to provide services which might otherwise have been curtailed and has enabled rural areas to increase public services. (See p. 8.)

### Program agents' concept and implementation of program

Most program agents said the program could be operated to serve pockets of high unemployment without serving the entire areas under their jurisdiction. However, some anticipated morale problems among EEA participants if they were forced to lay off section 5 enrollees while retaining section 6 enrollees. (See p. 9.)

Opinions differed among program agents as to the primary EEA objective. For example, some said they believed the program was to relieve unemployment in general. Others believed the program should be directed primarily at the disadvantaged or hard-core unemployed.

GAO believes objectives in any future program should be clearly expressed. Program agents' perception of the program objectives was one of the factors affecting the type of programs they implemented and the types of jobs they created. (See pp. 10 and 39.)

Urban program agents originally established specific pockets of high unemployment as target areas for their section 6 programs, but rural counties applied their program to the entire county. Subsequently urban program agents revised their section 6 programs to include other areas of the cities. (See p. 11.)

### Job selection

Program agents generally selected their jobs on the basis of public service needs. Some agents, however, especially in selecting section 6 jobs, considered the fact that target area residents were generally unskilled.

Program agents in Kentucky and Louisiana said lack of funds for capital equipment influenced the types of jobs selected.

In urban areas budgetary constraints, residency requirements, union pressures, and the need to rehire former city employees also influenced job selection. (See p. 15.)

### Reaching target groups

Jobs selected by agents, salaries, and job requirements appeared to influence recruitment results. When salaries were higher and job requirements stricter, the proportion of disadvantaged persons or minority members decreased in the cities reviewed. (See p. 20.)

EEA provides that funds be made available in such a manner that, to the extent practicable, employment will be created among segments of unemployed persons, giving consideration to the relative numbers of

unemployed persons in each such segment. Because of lack of reliable data on the proportionate unemployment among the significant segments, it was difficult to determine whether an equitable share of EEA participants were selected from the significant segments.

However, reports by agents serving urban areas showed they generally exceeded the national average in hiring participants who were minority members or were classified as disadvantaged. (See p. 22.)

One target group was Vietnam-era veterans, and Labor had established a goal that 35 percent of EEA participants be such veterans. Although rural areas met or came close to meeting the goal, the two urban areas fell far short of it. Although urban agents cited several reasons for not enrolling more veterans, the most prevalent was that the type of jobs offered--those traditionally performed by females or low-paying jobs--did not appeal to veterans. (See p. 20.)

A considerable portion of participants employed by the urban program agents reviewed were former agency employees. New York reported that 20 percent of the section 5 jobs and 9 percent of the section 6 jobs went to former employees. In Detroit, rehires held 22 percent of the section 5 jobs and 55 percent of the section 6 jobs. In New York many of the rehires were teachers, in Detroit most rehires were nonprofessionals employed in public works, transportation, and parks and recreation.

To some extent the need to rehire former employees limited the job opportunities for target area residents because not all section 6

rehires resided in the target areas.

In some cases agents were found in violation of the act because of improper rehiring practices and had to dismiss participants. For example, New York had to dismiss about 100 participants. Rehires constituted only about 4 percent of the participants in the rural areas reviewed. (See p. 23.)

#### Administrative and training funds

Most of the program agents used little of the funds programmed for supportive services, including training. Very little planning had been done concerning how training funds would be used.

Some agents said (1) generally participants did not need these services or (2) they believed providing them would be inequitable to regular employees. The agents said they planned to use their unspent funds for salaries and benefits

GAO believes that in future programs Labor should more closely evaluate the agents' plans to provide training and other supportive services and earmark funds for these purposes only on the basis of specific plans. Such a procedure would make the program more effective by (1) having program agents specifically consider training needs and (2) freeing, on a timely basis, funds unrealistically committed to such purposes, so they can be used for additional jobs. (See pp. 27 and 39.)

#### Effect on public services

The New York and Detroit programs generally prevented a decrease in services rather than provided additional services. In the rural areas

the program generally provided additional needed public services (See p 31.)

Permanent placement

Prospects for meeting Labor's goal of placing 50 percent of the EEA participants in permanent jobs did not appear very promising in either the urban or rural areas reviewed. A relatively small percentage of participants had been permanently placed at the time of GAO's review.

In the urban areas program agents considered prospects poor even with continued Federal support, but agents in rural areas maintained that permanent placement goals

might be met with continued Federal support.

Program agent officials said they would have difficulty meeting their permanent placement goals for a number of reasons, including civil service requirements, low turnover rates, and budgetary problems. (See p. 34.)

RECOMMENDATIONS

Labor, in reviewing program agents' funding applications, should establish procedures insuring that funds are provided for supportive services, including training, only on the basis of specific plans showing how such funds are to be used. (See p. 40.)

## CHAPTER 1

### INTRODUCTION

The Emergency Employment Act of 1971 (EEA) (85 Stat. 146) is designed to provide unemployed and underemployed persons with transitional jobs providing needed public services during times of high unemployment. Wherever feasible, related services, such as education, training, and counseling, are to be provided to enable workers to move into employment not supported by EEA.

EEA authorized \$750 million for fiscal year 1972 and \$1 billion for fiscal year 1973 for programs under section 5 to employ unemployed and underemployed persons through the Public Employment Program and certain related demonstration programs whenever the Secretary determines that the nationwide unemployment rate has been 4.5 percent or more for 3 consecutive months.

Section 6 established a Special Employment Assistance Program and authorized \$250 million each for fiscal years 1972 and 1973 to provide jobs to unemployed and underemployed persons in areas of substantial unemployment. EEA defined "area of substantial unemployment" as any area of sufficient size which has a rate of unemployment equal to or in excess of 6 percent for 3 consecutive months.

The full authorization of \$1 billion was appropriated for fiscal year 1972. The \$1.25 billion authorized for fiscal year 1973 was included in the appropriation bills passed by the Congress; however, the President vetoed the bills. Labor was operating the programs under a continuing resolution at a \$1 billion level and had allocated \$447.1 million from month to month for operations before March 15, 1973. Effective with the President's signing of the joint congressional resolution continuing Labor's funding through June 30, 1973, and providing \$1.25 billion for EEA programs, Labor, in April 1973, allocated the remaining \$802.9 million to continue program operations from March 15, 1973, through June 30, 1974, when the agents must complete their programs.

To carry out EEA Labor had granted about \$983.5 million for the first program year to 657 States, counties, cities, and Indian tribes serving as program agents. Labor reports

showed that through September 1972 program agents had hired about 266,000 participants.

Labor guidelines defined "target areas" under section 6 as sizable contiguous neighborhoods or sections of a city or county which had significantly higher unemployment rates than the city or county of which they are a part. Eligible areas should have populations of 7,500 or more and may be target areas under specific local manpower, poverty, or model cities programs. Section 6 participants must reside within the geographic boundaries of the areas, sub-areas, or sections of cities or counties designated to receive assistance.

Labor's EEA guidelines state that, whenever possible, public service jobs were to be established within the geographical boundaries of the assisted areas. However, EEA jobs could be established outside the designated areas, provided that they employ residents of the areas and are within reasonable commuting distance of the residents.

The average national unemployment rate from 1960 through 1972 has ranged from 3.5 to 6.7 percent. Though unemployment rates and the numbers of unemployed vary substantially throughout the country, large urban and rural areas generally have had higher unemployment rates than other areas

The 15 cities and urban counties with the largest EEA grants received a total of about \$200 million. These locations had a combined work force of about 12.3 million and average unemployment rates ranging from about 5 to 14 percent.

Under Labor and Bureau of the Census definitions, "rural counties" are those in which a majority of the population do not live in an urban area or in a population center of 2,500 or more outside an urban area. On the basis of 1970 census data, there were 2,178 rural counties. The 15 rural counties with the largest EEA grants received a total of about \$14.4 million. These areas had a combined work force of 781,600 and average unemployment rates ranging from about 4 to 13 percent.

The locations were selected for this phase of the review to gain insight into the program and to identify some of the

resulting benefits and some of the problems which confronted the agents reviewed. Because of varying conditions, however, the benefits and problems noted at the selected locations may not be wholly representative of those which other rural and urban agents may have experienced.

The following table shows, for the locations reviewed, the unemployment rates Labor used to allocate EEA program funds, except for the rural counties in Washington. The rates shown for the Washington counties are those the State used in allocating funds among its subagents.

<u>Program agent or subagent</u>	<u>Percent of unemployment</u>
Detroit	10.6
Bell County, Kentucky	14.4
Galloway County, Kentucky	10.8
Graves County, Kentucky	10.9
Pike County, Kentucky	10.0
New York City (note a)	5.0
Rapides Parish, Louisiana	8.1
St. Landry Parish, Louisiana	10.8
Chelan and Douglas Counties, Washington (note b)	5.5 to 15.8
Skagit County, Washington (note b)	8.9 to 20.0

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<sup>a</sup>The unemployment rate for New York target areas ranged from 9.1 to 17.2 percent.

<sup>b</sup>Rates vary significantly because of seasonal employment patterns.

## CHAPTER 2

### OBSERVATIONS ON PUBLIC EMPLOYMENT PROGRAMS IN

#### SELECTED RURAL AND URBAN AREAS

Of particular concern to the Subcommittee was how EEA programs were affecting large urban and depressed rural areas and whether section-6-type programs could operate if section 5 programs were terminated because of a drop in the national unemployment rate. To obtain information about these matters, we selected a few large cities and rural counties and evaluated program impact in those areas, with particular emphasis on ascertaining whether program agents could successfully operate a program limited to target areas.

Many rural and urban areas throughout the country have been persistently plagued by high unemployment and have not met public service needs because of revenue shortages. Therefore, hard-pressed local governments in these areas have welcomed EEA programs. Besides providing jobs for residents, EEA has enabled large cities to provide services which might otherwise have been curtailed and has enabled rural areas to increase public services.

Since enactment of EEA, State and local governments have improved financially. Nationwide data published by the Department of Commerce shows that in fiscal year 1972 State and local governments had an unusually large increase in receipts over expenditures of \$12 billion due to increased taxes, improved economic conditions, Federal revenue-sharing funds, and a trend-reversing reduction in expenditures. Expenditures had been increasing for 3 years. However, not all units of government had improved financially, Commerce information stated that large cities especially still appear hard pressed

Though the additional revenues may solve some of the problems facing State and local governments, it appears that many areas, particularly large cities, will continue to experience difficulties in financing needed public services.

At the end of the first program year, about 200,000 EEA jobs had been established and the programs had been generally successful in providing jobs and meeting public service needs.

Most of the program agents reviewed stated that, if section 5 programs are discontinued because of a drop in the national unemployment rate, section 6 programs could continue in their areas. However, some said they anticipated morale problems among EEA participants if they were forced to lay off some section 5 enrollees while retaining section 6 enrollees.

Because cities continue to experience budgetary problems and rural areas lack economic growth, continued employment for many EEA workers is uncertain. These factors limit the opportunities to assimilate many participants into permanent jobs.

Our observations on various facets of the public employment programs in eight rural areas in three States and two urban areas reviewed are discussed below.

PROGRAM AGENTS' CONCEPT AND  
IMPLEMENTATION OF PROGRAM

Concept of program

In an interim assessment of EEA, the National Manpower Policy Task Force, a private nonprofit organization of academicians who have special interest and expertise in manpower programs and policies, referred to EEA as

" \* \* \* a product of compromise. In the effort to achieve consensus, a 'little something' was offered for everyone. Potentially troublesome issues were sidestepped through open-ended guidelines, and as a result EEA is ambiguous and often contradictory in its goals and substance."

Opinions differed among the program agents reviewed as to the primary EEA objective. A comment by a Detroit official summarizes this difference rather clearly by saying that one of the problems in planning for EEA programs was the unclear congressional intent relative to employing the chronically unemployed versus the qualified unemployed.

Officials of Detroit and New York and of Rapides Parish and the Kentucky and Washington rural counties stated they viewed the primary EEA objective as one to relieve unemployment in general. Program officials for the Detroit board of education and St. Landry Parish stated they viewed the objective as one aimed at disadvantaged and unskilled chronically unemployed persons.

The program agents' concept of the objective was one factor impacting on the type of programs implemented. For example, the New York program agent believed that EEA's primary objective was to relieve unemployment in general through creating jobs in needed public service areas. Because city officials did not believe that EEA was intended to serve the disadvantaged only, they did not structure their programs with any one group of the unemployed in mind. The selection of sections 5 and 6 jobs was based primarily on public service needs.

In contrast, a St. Landry Parish program agent official said that his concept of the objective was that the program should help those most in need of jobs--the unskilled chronically unemployed. As a result, most jobs the agent selected

required only basic skills--those which could be performed by disadvantaged chronically unemployed persons

### Program implementation

Labor's guidelines provide that section 5 funds may be used to provide jobs within the entire geographical areas served by the program agents; section 6 funds may be used to provide jobs only for residents of designated target areas in which the unemployment rate is 6 percent or more, except that in certain unusual situations agents may rehire former employees who resided outside these areas.

Initially the Detroit and New York section 6 programs were to especially emphasize hiring residents of designated target areas. In the rural areas the programs were to encompass entire counties as target areas. Detroit and New York subsequently revised their section 6 programs to include other sections of the cities.

Because Detroit had an overall unemployment rate of over 6 percent, its section 6 program proposal stated that the city would provide jobs to unemployed and underemployed persons throughout the entire city but that special emphasis was to be provided for certain target areas, which included the Model Cities area. The population within these target areas was about 420,000; the adult unemployment rate was usually double that of the city

Detroit EEA officials stated that the section 6 target areas were originally selected because they were generally associated with disadvantaged persons and higher unemployment rates. The 1970 census data showed that unemployment within the selected low-income areas averaged about 15 percent. City representatives stated that, because they had to rehire their laid-off employees, they were unable to concentrate their section 6 recruiting efforts in the originally designated target areas as initially contemplated. To hire EEA employees without first rehiring the laid-off employees would have resulted in a major union conflict.

Labor selected seven target areas within New York, which the Census Employment Survey identified as low-income areas on the basis of 1960 census data, and specified the amount of section 6 grant funds assigned to each area. The city contended that, though these areas, identified 12 years ago,

have remained areas of poverty and high unemployment, their use as a basis for selection excluded consideration of additional areas which have become as bad, if not worse, in terms of poverty and unemployment since 1960.

New York's section 6 proposal included data showing that additional areas qualified for section 6 funding. As a result, Labor issued a supplementary grant in February 1972 which qualified all of Manhattan and Brooklyn. The city's request to include additional locations in Queens was rejected.

Operationally, except for the section 6 residency requirement, New York program officials stated that they had not distinguished between the section 5 and section 6 programs.

Unemployment was generally widespread in the rural areas reviewed, and there were no specific target areas. The counties serving as agents had the same geographic boundaries for both the section 5 and section 6 programs, and applied the same residency requirements for the section 6 programs as for the section 5 programs.

#### Agents' views on future public employment programs

When the national unemployment rate recedes below 4.5 percent for 3 consecutive months, section 5 funds cannot be obligated.<sup>1</sup> However, section 6 programs may continue to provide jobs for persons in designated target areas. We asked program agents whether they could effectively operate a public employment program under such conditions.

Most agents felt they could. However, some anticipated morale problems with EEA participants if, in phasing out the section 5 programs, they had to lay off section 5 enrollees while retaining section 6 enrollees.

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<sup>1</sup>Persons employed in EEA jobs are to be considered as unemployed when determining the national unemployment rate for this purpose.

In Detroit both city and board of education officials stated they could operate the section 6 program even if the section 5 program was terminated. The program director for the city stated that persons hired in the section 6 program under such conditions would have only limited civil service status and would not be entitled to all the rights and benefits of regular city employees. He also stated they would be among the first to be laid off in the event of personnel cutbacks. He added that such restricted conditions would result in tradeoffs of certain types of public services to gain jobs.

The director for the board of education program felt that the board could restrict a public employment program to specific areas without any adverse effects because there were no civil service restrictions and because most of the employees live within the region in which they work.

New York program officials said that a section 6 program could operate effectively even if the citywide section 5 program were terminated. They granted that certain public service needs, such as the need for teachers, could not be accommodated to a great extent but insisted that the city has a great need for persons to fill jobs which required only minimum education and experience, such as nurse's aides, rodent control workers, clerks, and youth workers.

New York program and city officials were reluctant to estimate a maximum or optimum funding level for this program because there were too many factors involved for them to provide anything but a sheer guess. None expressed the belief, however, that the EEA funding level was approaching the point where it would tax the city's ability to use additional personnel effectively. They pointed to seemingly insatiable public service needs, particularly in the social service and health fields, which would provide much public employment.

Officials of the four Kentucky counties stated that retaining only the section 6 program would cause a morale problem as well as eliminate needed public services. Morale problems were expected since in most cases a county's section 5 and section 6 employees filled identical jobs in the same department and worked together on common projects. County officials said it would be difficult under these circumstances to

explain to the section 5 employees why they were terminated after they were hired first

Rapides Parish officials stated that the impact of losing section 5 and not section 6 would be a disaster for the section 5 participants because they could not be permanently placed right away and would be laid off. The difficult part would be explaining to the section 5 participants why they, and not section 6 participants, were being laid off. Since sections 5 and 6 applied to the whole parish, the parishwide needs affected the program design of both sections.

St Landry officials said that, if section 5 were terminated and section 6 retained, (1) some participants would have to be laid off and explanations to them would not be easy since others would continue to work, (2) many of the participants would return to welfare and food stamps, and (3) local businessmen would experience economic hardship because of the income loss in the area.

## JOB SELECTION

Selecting IEA jobs is one of the most important factors in determining the extent to which the program will meet its goals. Job selection determines the public service needs to be met, influences which enrollees will be selected, and usually affects the potential for permanent placement of EEA enrollees into the employing agencies' regular work forces.

Generally, program agents stated they selected their jobs on the basis of public service needs. Kentucky and Louisiana program agents stated the lack of funds for capital equipment also influenced the jobs selected.

In Detroit and New York budgetary constraints, residency requirements, union pressures, and the need to rehire former city employees also influenced job selection

### New York

New York officials stated that job selection was based on (1) citywide public service needs, particularly those arising from the city budget cuts, (2) the anticipated skill levels of the unemployed, particularly the residents of the section 6 target areas, and (3) union pressures and demands.

Officials said that the determination of citywide public service needs was the starting point in the decision process and that they hoped to use EEA funds to partially offset some of the more serious effects of budget cuts. City officials said that, in recognition of restrictions imposed on recruitment because of the target areas, they concentrated on developing section 6 jobs which target area residents could fill

Municipal employee unions had a decisive impact on jobs created under both sections. The original occupational design included a number of supervisory and middle-level job titles. The unions objected to EEA's funding certain jobs which (1) would normally have been filled by promoting regular employees and (2) would result in EEA participants' supervising regular city employees.

The program agent eliminated most jobs against which there were strong union objections. As a result, most EEA positions were at the entry level

## Detroit

The selection of city jobs in Detroit was based upon the public service needs of the agencies. The board of education left job selection up to its eight regional school boards, although it made recommendations to them. The regional boards in turn based their selection on the needs of the schools within each region. The city was primarily concerned with establishing jobs to meet the needs of the total city.

The Detroit EEA director stated that personnel needs were requested from the various city departments. Following a review of such requests, representatives from the mayor's office, the budget department, and local EEA officials decided the type of jobs, as well as the number each department would receive. Layoffs of regular city employees had some effect on job selection because the unions objected to hiring EEA employees unless the laid-off city employees were rehired. As a result, major consideration was given to selecting jobs in which laid-off employees could be rehired.

According to board of education officials, school principals within each region were asked to submit in writing the number of people they needed within listed job classifications. Following a review of these lists, officials in each region determined the allocation of jobs to schools within their regions. Board of education officials said they were not aware of any factors such as a lack of funds for equipment or training support, timing, political realities, or available skills that affected regional boards' decisions in selecting jobs.

In Detroit, EEA program officials stated they felt the jobs selected by the city were adequate for providing needed public services. An official from a local community action organization stated, however, that the jobs selected did not adequately meet the needs of the target area served by that organization. This official said he was not arguing against the jobs selected but believed other jobs would have been better for the target area.

A board of education official stated the jobs selected were adequate in meeting board needs. Discussion with officials from three of the eight school regions disclosed that these officials were satisfied with the jobs selected because

they met needs and fitted the skills of the people in the region. One official, however, said he could have used the services of social workers and psychologists but did not hire any because the regional board viewed EEA as a program to help the disadvantaged unemployed.

### Rural Louisiana

Program agent officials in Rapides Parish stated the rapid implementation of the program affected job selection. For example, one official said that with more time it would have been possible to determine that the position of draftsman as originally established could not be filled because no one in the labor market would do the job for the salary offered. Another official said that, if local funds had been available to acquire road maintenance equipment, the parish would have established jobs for equipment operators instead of laborers.

St. Landry Parish officials stated that the jobs selected were directed primarily toward disadvantaged and chronically unemployed persons, rather than public service needs. Officials said the funds were used to establish as many jobs as possible and hire as many individuals as possible, even if only a few of the participants could be retained permanently. The officials stated that, if a person is working, he has a much better chance to find permanent public or private employment than if he is walking the streets or staying at home.

A parish program official cited lack of funds for equipment and supplies and the lack of time for planning as constraints on job selection. He said that, if local funds were available for road maintenance equipment, fewer participants would have been assigned to labor-intensive activities. Also, more time for program planning might have permitted a better determination of public service needs.

### Rural Kentucky

In Kentucky the job selection processes of the four counties reviewed had little uniformity. In one case a county official selected the jobs with assistance from the county school superintendent, the mayor of a city, and a hospital administrator. In another county, a committee composed of a

county official, the county school superintendent, and several other school officials selected the jobs. In a third county, the initial job selection was done by representatives of the State's Area Development District office in that county.

In each of the four counties, program officials told us the EEA jobs were meeting the highest priority public service needs. Only two of the four counties had prepared the detailed project proposal initially required by the State EEA office. These proposals showed that county road work was the highest priority need and that about 34 percent of the EEA jobs in the two counties were for road maintenance workers and laborers.

Officials for one of the other two counties told us that road maintenance was their greatest need, and officials of the other cited educational services as the greatest need. In the latter case, although county road maintenance was also cited as a high-priority need, little could be done under EEA because the county lacked needed equipment. The school systems being assisted with the county's EEA program had the materials, supplies, and resources necessary to effectively use EEA employees.

Except for this last case, it appeared that the jobs funded were in response to the counties' high-priority public service needs.

### Rural Washington

In Washington the program agents reviewed in Skagit, Chelan, and Douglas Counties selected jobs on the basis of their priority needs. For example, one school district needed maintenance men for its new school facilities and a city needed firemen and park laborers to aid in areas developed by the Economic Development Administration. In Chelan County the greatest need was for assessors to reassess property in the county.

None of the agencies cited any constraints affecting the job selection. Some jobs, however, had to be changed to lower skill positions because no applicants were available in the area who could qualify for the original positions.

In Chelan County, for example, the school district's first priority under its section 5 program was for two music teachers, two art teachers, two physical education teachers, one elementary science teacher, and one foreign language teacher. The district was able to hire one art teacher, however, qualified persons were not available in the area to fill the other positions. As a result, hiring was delayed until other types of teaching positions were established and filled later in the program period.

Other examples included a change from a financial manager to a park maintenance man by the city of Ancortes, a change from teachers to teacher-aides by the Eastmont School District, and a change from an accountant to maintenance man by the city of Cashmere.

In the Chelan County School District, hiring under section 6, which Labor funded somewhat later than the section 5 program, was more timely because the district, recognizing the problems it had under section 5, decided to use the EEA funds for lower skilled positions, such as those of teacher-aids and custodians, rather than teachers.

## REACHING TARGET GROUPS

Program agents established various priorities for hiring EEA participants. The majority of program agents had hiring procedures which gave preference to veterans, and some program agents gave preference to Vietnam-era veterans over other veterans. Almost all program agents stated they also gave preference to other significant segments of the unemployed, including (1) disadvantaged persons, (2) minority members, and (3) persons with limited English-speaking ability.

Jobs selected by agents, salaries, and job requirements appeared to influence recruitment results. When salaries were higher and job requirements stricter, the proportion of disadvantaged persons or minority members decreased in both Detroit and New York.

For example, in Detroit, for the position of security cadet with a starting salary of \$4,000 and the requirements of a high school graduation or equivalent and an age of 18 years, minority members represented 95 percent of the enrollees. For the position of technical aide, which had a starting salary of \$10,846 and which required 4 years of college in a specialized area, minority members represented only 13 percent of the total enrollees.

### Enrollment of veterans

Vietnam-era veterans--those who served in the Armed Forces on or after August 5, 1964, and who received other than a dishonorable discharge--constitute one target group for EEA jobs. Although EEA did not contain a minimum hiring goal, Labor's guidelines suggested that Vietnam-era veterans make up at least one-third of all EEA participants. Labor raised this goal to 35 percent in April 1972 and to 40 percent of the new hires for the 1973 program period.

The guidelines provided also that all job vacancies, except those to which former employees are being recalled, must be listed with the State employment services and with other public or private organizations concerned with veteran job placement. The State employment agencies were accorded 48 hours to recruit and refer eligible Vietnam-era veterans exclusively before the vacancies were filled from other sources.

Detroit, New York, St Landry Parish, and the rural counties in Kentucky did not meet the 35-percent goal. Rural Washington and Rapides Parish met or exceeded it

In Detroit both the city agencies and the board of education fell far short of the goal. Under section 5, Vietnam-era veterans represented only 28 percent and 5 percent of the enrollees employed by the city and board, respectively, and under section 6 only 13 percent and 7 percent

Two factors appeared to affect the number of veterans hired. City officials told us that, except for points allowed veterans when taking civil service examinations, no other job preference was given and all persons had to compete for city jobs on a citywide basis. For the board of education, females filled about two-thirds of the jobs. Male veterans were usually not interested in the jobs offered

New York was also short of the goal even though the city reportedly has over 30,000 unemployed Vietnam-era veterans--most were unskilled and were minority members. As of July 31, 1972, Vietnam-era veteran enrollment for sections 5 and 6 amounted to 21 and 23 percent, respectively

New York program officials attributed the failure to enroll more veterans to the fact that (1) the veterans refused to take low-paying jobs or jobs which they considered female oriented, (2) the veterans could not qualify for higher paying EEA positions and middle-range jobs in the program were scarce (due mostly to union opposition), and (3) many of the unemployed veterans were not seeking work or were actually unemployable because of health and drug problems.

Also, in New York, (1) qualified veterans were passed over in filling jobs and (2) the program agent failed to implement a Labor-mandated "veterans only" hiring freeze.

In St. Landry Parish the 35-percent goal had not been met because most veterans did not want the laborer-type, low-wage jobs created by the agent primarily to provide jobs to disadvantaged and chronically unemployed persons. Also, many are receiving veterans' benefit checks and are not looking for work. The officials did not believe they could meet the goal, especially not the 40-percent goal for the next program year.

Due to the use of the wrong reporting forms, the four rural counties in Kentucky reported that about 10 percent of their enrollments under both sections were Vietnam-era veterans. Veterans' hiring data for the counties indicated, however, that the actual percent of veterans hired, although somewhat less than 35 percent, was greater than that reported.

Chelan, Douglas, and Skagit Counties met the 35-percent goal. About 45 percent of the enrollment in Skagit County was Vietnam-era veterans because (1) the local employment security office actively encouraged the subagents to hire veterans and (2) the local employment security offices referred large numbers of veterans to the subagents.

Enrollment from other segments  
of unemployed population

EEA provides that, to the extent practicable, public service employment opportunities be available on an equitable basis among significant segments of unemployed persons, giving consideration to the relative numbers of unemployed persons in each segment. Because of the lack of reliable data on the proportionate unemployment among the significant segments, it was difficult to determine whether an equitable share of EEA participants were selected from among the significant segments.

However, the agents reported hiring substantial numbers of minority participants. (See app III for a list of selected characteristics by program agent.)

Detroit and New York program agents generally exceeded the national average in enrolling participants who were minority members or were classified as disadvantaged. For example, in Detroit, 66 percent and 74 percent of the sections 5 and 6 participants, respectively, were black and about half were disadvantaged. In New York 42 percent and 63 percent of the sections 5 and 6 participants, respectively, were black, 15 percent and 27 percent were Spanish-American, and 32 percent and 86 percent were disadvantaged.

In the four rural counties in Kentucky, the minority group percentage in the programs exceeded the groups' percentage of the total population as shown in the 1970 census data.

The program agent official for Rapides Parish said that the only group given hiring priority was Vietnam-era veterans and that this priority has been constant for the entire program period. About 97 percent of the persons hired were considered disadvantaged, about 52 percent under section 5 and 39 percent under section 6 were black, and about one-fifth were 21 years of age or under. Labor stated, however, that misinterpretations of the method of classifying a participant as disadvantaged by this agent may have resulted in improper reporting.

A program agent official for St. Landry Parish said that priority was given Vietnam-era veterans, persons of limited English-speaking ability, more particularly French-speaking persons, and the disadvantaged.

Our comparison of the characteristics of EEA enrollees in the three rural Washington counties with data developed by the State for manpower planning showed that the proportion of disadvantaged and public assistance recipients enrolled compared favorably with the State data. Data on significant segment enrollments reported by the three counties showed that 20 and 24 percent of the enrollees under sections 5 and 6 were classified as disadvantaged and about 10 percent under each section were also public assistance recipients.

#### Extent of rehiring of former employees

Nationwide about 10 percent of the enrollees were former agency employees. A considerable portion of the participants employed by the urban program agents reviewed, however, were former agency employees. To some extent the need to rehire former employees limited the job opportunities for target area residents because not all section 6 rehirees resided in the target areas. Labor guidelines stipulate that former agency employees may be rehired under EEA if they have been unemployed for 30 days.

In some cases, agents were found in violation of the act because of improper rehiring practices and had to dismiss participants. For example, New York had to dismiss about 100 participants because of such irregularities.

New York program officials stated that, because of a misinterpretation of Labor's instructions, they had reported as rehirees only individuals who had been previously employed.

in the agency in which they were being placed as EEA enrollees. This practice was corrected in April 1972, but the program agent never attempted to correct its records. As a result, the number of rehires reported is probably understated.

Available statistics for New York showed the following

	<u>Number of rehires</u>	<u>Percent of enrollment</u>
Section 5	564	20
Section 6	117	9

Teachers accounted for 86 percent of the section 5 rehires. Program officials indicated that the large allocation for teacher positions in section 5 was intended to permit the rehiring of some of the 2,000 or more substitute and per diem teachers who had been laid off because of budgetary reasons.

In February 1972, because of budgetary constraints, Detroit laid off 352 city employees. The city planned to rehire some of these employees under EEA after the 30-day waiting period. Labor and Detroit city officials agreed that the city could use available EEA funds to rehire city employees but that the number of persons who could be rehired was limited.

A review of section 6 Detroit EEA participants as of June 30, 1972, showed that the city previously employed 343 of 532 participants. Of this total, 243 were regular employees who were laid off in February 1972 and rehired in March. The rehires were primarily employed in the public service areas of public works, transportation, and parks and recreation. Almost all these rehires were nonprofessional building attendants, laborers, and sanitation laborers.

A review of section 6 board of education EEA participants as of June 30, 1972, showed that the board previously employed 203 of the 466 section 6 enrollees. These rehires were employed in education and were primarily in the non-professional categories of security cadets, custodians, and school service assistants. A schedule of rehires in Detroit showed the following

	<u>Number of rehirees</u>	<u>Percent of enrollment</u>
Section 5	621	22
Section 6	546	55

Rehirees were not a major percentage of EEA enrollment for the rural agents reviewed, as shown below.

	<u>Number of participants</u>	<u>Number of rehirees</u>	<u>Percent of enrollment</u>
Kentucky	214	14	7
Louisiana	365	7	2
Washington	177	8	5

#### Concurrence with residency requirements

Labor program guidelines require that all program agents select their participants from among individuals who reside within the geographical areas over which the program agents have jurisdiction. Section 6 participants must reside within the areas, subareas, or sections of cities or counties being assisted. Program agents and subagents are to insure that participants meet residency requirements. They should require participants to certify their residences and should verify claimed residency.

Detroit and New York had established target areas but had not adhered to Labor's guidelines in selecting enrollees

#### New York

Applications for all persons hired under section 6 in New York before May 31, 1972, showed that 4 percent of the enrollees lived outside designated target areas. Residency became an issue in New York in September 1972, when the local news media raised the possibility of record falsification by enrollees and city officials. We did not verify the addresses stated on the applications or examine whether records were falsified.

The city's EEA central office was to determine applicant eligibility. Program officials said the central office did not verify the addresses stated on the applications. As in

the case of other eligibility factors, such as unemployment, they accepted the applicant's certified statement. City officials attributed the enrollment of ineligible applicants to administrative oversight. They stated that they did not have sufficient personnel to verify the address of each applicant and that they did not believe Labor guidelines required them to.

In late September 1972 a special Labor review group began to investigate the possible ineligibility of EEA enrollees in the New York program because of allegations that some applications may have been falsified to comply with EEA eligibility requirements, such as place of residence.

The results of Labor's review released in January 1973 stated there were ineligible EEA participants in 17 of the 34 city agencies examined. Of the 2,544 participants at the time of the review, Labor selected 510 for interview. Of these, 95, or about 19 percent, were found ineligible.

As a result of the review, Labor's Regional Manpower Administrator in New York has directed the city to immediately discharge the 95 ineligible participants and to reimburse Labor for all salaries paid them while in the program. In addition, the city was directed to (1) review the eligibility of other EEA participants and (2) shift responsibility for administering certain EEA activities in the city.

#### Detroit

City and the board of education officials stated individuals from outside the target area were hired because (1) a large number of recently laid-off employees had to be rehired, some of whom did not live in the target area, (2) the city's civil service commission prohibits allowing full civil service status to employees if the jobs have been restricted to specific groups or areas, and (3) high unemployment existed throughout the city.

For example, our review of 343 rehires under section 6 showed that 105, almost a third, of the rehires were not target area residents. At the board of education, 48 out of a sample of 157 rehires, or 31 percent, were not target area residents.

## ADMINISTRATIVE AND TRAINING FUNDS

Except for the counties in Kentucky, none of the other program agents reviewed reported having any problems with the amount of administrative funds available to them. Most of the program agents, however, used little of the moneys available for training and supportive services. They stated they needed little of the funds programmed for supportive services, including training, because (1) at the outset, rapid program implementation did not allow them enough time to develop plans for training programs, (2) they later found that generally most participants did not need these services, or (3) they believed that providing such services would be inequitable to regular employees. The agents stated they planned to use unspent funds for participants' salaries and benefits.

Labor guidelines stipulate that the program agents may not use more than 32 percent of their total sections 5 and 6 grants for program administration. Up to 68 percent of the section 5 grant may be used for supportive services, including training, to all EEA enrollees, including section 6 participants. Such supportive services may be provided only when necessary to enable unemployed persons to obtain jobs. The section 6 program does not authorize any expenditures for these purposes.

Nationwide the program agents had expended, for administration and training and supportive services, only 71 percent and 40 percent, respectively, of the funds available for these purposes.

As of July 31, 1972, the New York program agent had expended about \$174,000, or 26 percent, of the \$675,000 budgeted for administrative expenses for the first program year. Program officials believed the 32-percent ceiling on administrative costs was adequate to effectively operate the programs because the sections 5 and 6 grants were relatively large. Program officials attributed the large amount of unspent administrative funds to their inability to use available funds as a result of (1) not hiring administrative staff as soon as planned and (2) changes in staff which were not shown in program budgets.

New York allocated about \$541,000 for training for the first program period. No funds were allocated for supportive services. City EEA officials estimated that training expenditures as of July 31, 1972, amounted to about \$43,000, or about 8 percent of the amount allocated for this purpose. Little planning had been done as to how training funds were to be used. Program agent officials said they had difficulty hiring staff to develop and plan this program segment. They also mentioned disagreements among the city's EEA staff and other city officials over the types of training which should be provided as a factor in their inability to use a greater amount of training funds. In November 1972 the city modified its grant to reduce training funds to \$223,000.

As of June 30, 1972, Detroit and the board of education had expended about \$170,000, or 33 percent, of the \$516,000 programmed for administrative expenses under sections 5 and 6 for the first program year. As of the same date, the city and the board had expended about \$88,000, or 13 percent, of the \$669,000 programmed for training for that year.

City and board officials stated that unexpended administrative and training funds were the result of Labor-imposed time constraints which did not allow adequate time initially to plan training programs or to properly use administrative personnel. While there probably was a time constraint involved initially, there seems to have been adequate time to plan training after the program began in the fall of 1971. Unexpended administrative and training funds will be used for wages and benefits during the 1973 program period.

Rapides Parish did not program any funds for training. A program agent official advised us that the lack of training funds did not adversely affect the program because those persons selected did not need training or were to receive on-the-job training. The parish had expended almost all the \$11,000 programmed for administrative expenses during the first program year.

The St. Landry Parish program agent did not program any funds for training. A program official advised us that the lack of training funds did not adversely affect the EEA program since the local hiring agencies were providing

needed training services without cost to the program, as stipulated in the grant agreement. The parish reported expending about \$13,000 of the \$17,000 programmed for administrative expenses for the first program year.

The Kentucky counties could not administer their programs with the administrative funds available to them. Their administrative expenses exceeded the amounts allocated to them.

Kentucky elected to retain the 3.2 percent for administration under section 5 and 1.6 percent of the 3.2 percent available under section 6. In all four counties the actual administrative expenses were exceeding the 1.6-percent allocation, and one county official commented that it was unrealistic to expect the counties to absorb a program of this size with their existing county administrative staffs.

None of the counties reviewed used the 6.8 percent provided for training and supportive services. One county appeared to be unaware of its availability. A State official told us, however, that the absence of supportive services at the county level was due to the lack of time for planning at the beginning of the program. He said plans for supportive services had to be set out in detail and that it was impossible, within the time available, to identify and plan for needed supportive services.

Washington did not allocate any EEA funds to its sub-agents for administrative or training and supportive services. As of July 31, 1972, the State's expenditures for administration amounted to about \$357,000, or 84 percent of the amount programmed, and \$4,590 for training and supportive services, or about 1 percent of the amount programmed.

Officials of the agencies in the three Washington counties reviewed said training funds were not needed because most of the jobs were low skilled, requiring only on-the-job training. State officials said State agencies did not need training funds because the State's civil service system provided training for State jobs. The State, after earmarking \$521,500 for supportive services, held that EEA wages were generally sufficient to cover any needed supportive services. Therefore, supportive services, such as child-care expenses, were provided only for the first few weeks of

employment until the participant could pay for them himself

The State allocated unused training and employment services funds to the hiring agencies to pay for the wages and benefits of additional EEA employees.

In our earlier report on preparing and approving plans to implement the program (B-163922, Mar 17, 1972), we concluded that some problems in program implementation might occur because Labor allowed certain program agents to proceed without having submitted all the data required to adequately support and plan their programs. It appears that agents' failure to effectively use funds earmarked for training and supportive services was due in large part to the absence of specific plans for these purposes.

## EFFECT ON PUBLIC SERVICES

The jobs selected and the program agents' objectives directly affected the programs' benefits in terms of increased or improved public services. The Detroit and New York programs generally prevented a decrease in services rather than provided additional services. The rural programs generally provided additional needed public services. In the urban areas, a substantial portion of the jobs were capable of providing services directly to residents of the target areas.

For the most part, program agents did not develop or maintain quantifiable measurements of changes in the level of public services because of EEA. Therefore, we generally obtained information on public service benefits through discussions with agency officials.

A Detroit official stated the hiring of 20 drug counselors there increased the impact of the city's drug-counseling program. He said that, before the counselors were hired, the drug-counseling program was just getting underway and the counselors were significantly overloaded. According to the officials, after the additional counselors were hired, the program was in full operation and each counselor had a more manageable workload.

A Detroit board of education official stated that, the hiring of security cadets had improved security inside and outside the schools. Hiring in the other positions, he said, just kept the existing services from decreasing more than they had in the past.

Our analysis showed that 42 percent of the city's section 6 jobs and 64 percent of the board's section 6 jobs were providing services directly to residents of the high unemployment areas.

New York EEA officials stated EEA jobs did not increase services to residents. They emphasized that most jobs were selected to alleviate the impact of widespread budget cuts.

The service impact on target area residents varied from agency to agency. For example, the police department decided to locate all its EEA positions in central headquarters units

and no EEA enrollees worked in the target areas. But the resulting improvement in headquarters services indirectly benefited target area residents.

On the other hand, the health services administration placed 80 percent of the section 6 enrollees in jobs within the target areas because its health clinics are concentrated in low-income areas. The department of education assigned enrollees to most schools within the city's system, and thus officials believed that about half the section 6 enrollees were working at schools serving the target areas

The lack of centralized information and the difficulty in identifying direct benefits to target areas limited our determination of which section 6 jobs were providing direct services to target area residents. Information on EEA jobs, however, indicated that about 70 percent of the section 6 jobs--those as hospital aides, community workers, and rodent control workers--provided direct benefits and that about 59 percent of the section 5 jobs provided such benefits.

Two subagents for Rapides Parish established jobs providing measurable benefits in terms of EEA participants' contributing to a specific goal. One, an airport authority, is using EEA participants as security guards and firefighters to meet certain Federal Aviation Administration requirements. The other is using EEA participants to raze condemned structures that are health hazards, dangerous to public safety, and blights to communities. Other subagents commented generally that EEA participants have helped stabilize work crews with high turnover rates, improve general appearance of the community, and provide certain services more frequently

One St. Landry Parish town used an EEA participant to start a garbage collection service that the town had never had. Also, EEA participants operated an ambulance service previously furnished by local funeral homes.

It was difficult to measure increases in services in rural Kentucky counties because a majority of the EEA jobs were laborer positions and regular county employees worked with the EEA employees on the same projects. It was equally difficult to measure the effects of the nonlaborer jobs, such as those of secretary, clerk, bookkeeper, teacher-aide,

and watchmen. In both types the problems of identifying and measuring service effects were compounded by the fact that the EEA jobs in most cases supplemented existing staffs and as such provided services which were being provided to a lesser degree before EEA

Only one county official commented specifically on EEA benefits, stating that it allowed the county to hire needed road maintenance workers and to adequately staff the county jail. The other county officials spoke of the benefits in general terms.

Although it was difficult to measure service benefits accruing to the Washington rural counties, we did note the following examples of service benefits. In Chelan County one city hired three meter maids to relieve the regular policeman of this duty. One city in Skagit County used EEA funds to hire additional needed firemen.

## PERMANENT PLACEMENT

Prospects for permanent placement of EEA participants in both the rural and urban areas reviewed did not appear promising. A relatively small percentage of participants had been permanently placed at the time of our review. In the urban areas, program agents considered prospects for permanent placement poor even with continued Federal support, but agents in rural areas maintained that permanent placement goals might be met with continued Federal support. Nationwide about 24 percent of EEA participants had been placed in permanent unsubsidized jobs as of September 1972.

Labor guidelines stipulate that the program agent is to employ half the participants in continuing positions within its regular work force. Labor defines this goal as requiring the placement each program year of participants equal to half the originally authorized slots or half the appropriate vacancies in the regular work force--whichever is less. In addition, the program agent must try to place the remaining participants in jobs in the private sector or in training programs. The guidelines recognized, however, that in certain cases reserving regular positions only for EEA enrollees may be prohibited by hiring practices required by law, regulation, or collective-bargaining agreements.

Program agent officials stated they would have difficulty meeting their placement goals because of a number of factors, including civil service requirements, low turnover rates, and budgetary problems.

New York program officials stated they could not insure that the EEA placement goals would be met by the end of the 1973 program year. The only way enrollees can move from EEA jobs to permanent positions with the city is by taking civil service examinations. The officials contended that civil service laws and regulations precluded them from giving special groups, such as EEA enrollees, priority in filling competitive city jobs. (About 85 percent of the EEA job titles are equivalent to competitive positions in the city's civil service structure.)

City officials stated they cannot forecast how well the EEA enrollees will fare in the competitive examinations because (1) enrollees will not receive any preference, and (2) strong competition is expected--city officials estimated

that 25,000 persons, including 500 EEA enrollees, were expected to take the city's clerk examination.

To further compound the problem, the city was implementing a 90-percent vacancy freeze in all departments due to its financial problems.

Even though there is strong competition, program officials believed the best permanent placement opportunities are in the clerical and social service positions. As of July 31, 1972, the program agent reported placing 11 percent of the EEA participants in unsubsidized public jobs and about 1.5 percent with private employers. About 57 percent of those placed in public jobs were teachers.

A National Manpower Policy Task Force case study on the the New York program pointed out a number of potential problems which might inhibit the successful transition of EEA participants to permanent jobs. These included lack of money for city-funded jobs, strong competition from nonparticipants on civil service registers, and the fact that examinations for some jobs were not scheduled to be given in the near future.

Detroit and board of education officials said continued Federal funding would not increase permanent placement prospects because such placement depends on their ability to finance the unsubsidized positions. Considering the poor financial conditions of the city and the board, officials expected considerable layoffs of EEA participants if the program stops at the end of the 1973 program period.

The jobs providing the best permanent placement opportunities in Detroit are those involving police, fire, and health work. The program director thought that any movement to permanent city-financed positions would be with section 5 employees because of their seniority over section 6 employees. As of June 30, 1972, all 11 of the city's permanent placements have been in positions of city policemen.

The prospects of the board's placing EEA enrollees into permanent positions are very slim. The Detroit school system has been operating in the red since 1968, and its budget at the close of the 1971-72 school year showed a \$38 million deficit. Detroit voters defeated two tax proposals for \$60 million a year for the public schools. These defeats

will probably cause additional cutbacks in the already limited school program and a continued hiring freeze.

A board official said teaching and clerical positions would probably offer the best permanent placement opportunities. Of the six people placed in unsubsidized jobs, he said, three were teachers.

The Rapides Parish program agent and subagents generally were not actively encouraging hiring agencies to place EEA enrollees permanently. As of June 30, 1972, only three enrollees had been placed into unsubsidized public positions and no private sector placements were reported. Program officials said, however, it was quite likely that the agencies will in the long run permanently employ over half the active EEA enrollees because they intend to request funds in their budget to cover the positions when the EEA program ends.

St. Landry Parish program agent officials said meeting the 50-percent placement goal was secondary to hiring as many individuals as the funds would permit, even if only a few could be retained permanently, on the premise that a person working has a better chance of finding permanent employment. They stated they could not hope to meet the 50-percent goal with the employing agencies because of low regular employee turnover and lack of funds.

The officials said the parish might be able to hire about 15 to 20 percent of the participants by the end of the next program year, assuming certain retirements occur, and that, together with private sector placements, the program may be able to reach the 50-percent goal.

One official said the three main reasons why the potential for placement is low are (1) the positions do not, in many cases, serve the area's most pressing needs, (2) the large number of EEA participants is out of proportion to the employing agencies' regular employee levels, and (3) most of the employing agencies consider the EEA help temporary.

The St. Landry Parish program agent reported that 3 EEA participants had been placed in unsubsidized public jobs but that 30 had been placed with private firms.

Kentucky will not be able to meet the 50-percent goal. The State's report shows that, of 3,236 participants, 69 were placed in public jobs and 246 in private jobs.

A State EEA official felt this data was in error due to improper reporting by counties, although our review at the counties did not substantiate his opinion. For example, of the 100 individuals cumulatively employed in one county's 85 EEA jobs, only 10 had been placed in unsubsidized jobs. Four of the 10 had returned to former jobs in another State.

County officials felt a 50-percent goal was unrealistic for rural counties having limited finances and a relatively small number of regular county jobs suitable for EEA employees. One county's EEA grant was greater than its current year's budget, and the number of county EEA employees exceeded the number of regular county employees.

Of the 271 persons hired by subagents in Chelan, Douglas, and Skagit Counties, only 22 had been placed in unsubsidized positions as of July 31, 1972. Seven were in unsubsidized positions with the agents, 3 were in unsubsidized jobs with other public agencies, and 12 were in private sector jobs. The subagents explained that permanent placement was progressing slowly because of low turnover in regular positions and that the agencies' lack of funds limits the number of EEA positions that could be made permanent.

Several National Manpower Policy Task Force case studies on EEA commented on the problems which rural counties may encounter in meeting the 50-percent goal. For example, the case study on Texas commented that "Moreover, many of the rural counties have very small budgets which may preclude them from retaining 50 percent of the EEA participants\* \* \*. Likewise, the study on Missouri noted:

"Small governmental units do not have very many degrees of freedom in absorbing positions. As stated under the Balance-of-State section, some approved allocations were subsequently given up because of the hopelessness of regular funding from local sources. The uncertainty of continuity of funds looms very large, then, in decisions about whether and how to use EEA funds. This uncertainty is consistent with the

transitional purpose of the program of course,  
but the effect on types of positions made avail-  
able should not be overlooked."

## CHAPTER 3

### CONCLUSIONS AND RECOMMENDATION

The EEA program has assisted both rural and urban areas in reducing unemployment and improving and increasing public services for residents.

On the basis of statements by most of the program agents reviewed, it appears that, if the section 5 programs are terminated because of a drop in the national unemployment rate, the agents could operate a program to provide jobs primarily to residents of target areas with high rates of unemployment. Although the agents did not provide us with estimates of how large a program they could undertake, they indicated that they had many unmet public service needs.

The concern expressed by program agents as to whether EEA programs were to serve the chronically unskilled unemployed or the qualified unemployed indicates a need for a clear expression of objectives if a program is desired to serve a pocket of high unemployment during periods of relatively low national unemployment. The program agent's perception of the program objectives is a factor in determining the types of jobs to create

Generally, program agents attempted to distribute EEA jobs in accordance with program guidelines, although they experienced some difficulties in meeting the program's requirements for hiring veterans. Also, because reliable data was lacking on the proportionate unemployment among the various segments of the unemployed, it was difficult to determine whether each segment received its equitable share of EEA jobs.

Program agents had used only a small percentage of the program funds available to them for supportive services, including training, and planned on using the unspent funds in the 1973 program period for jobs. The various reasons given why the funds were not used, primarily an overall lack of planning, indicate that Labor should more closely evaluate agents' plans to provide such services. In future programs of this type, Labor should earmark funds for supportive services, including training, only on the basis of specific plans showing how such funds are to be used. Such

a procedure would make the program more effective by (1) having program agents specifically consider training needs and (2) freeing funds unrealistically committed for such purposes so that they can be used on a timely basis for additional jobs.

Such factors as competition for jobs, constraints of civil service systems, low turnover in jobs, and shortage of funds to create new positions have limited the extent to which participants have been able to move into nonsubsidized jobs. Overall the prospects for moving a substantial number of EEA participants into permanent jobs did not appear promising.

#### RECOMMENDATION TO THE SECRETARY OF LABOR

We recommend that Labor, in reviewing program agents' funding applications, establish procedures which will insure that funds are provided for supportive services, including training, only on the basis of specific plans showing how such funds are to be used.

## CHAPTER 4

### SCOPE OF REVIEW

Our review covered EEA programs in selected rural and urban areas, primarily during the first program year, which ended in September 1972. We reviewed programs in New York City and Detroit; St. Landry and Rapides Parishes, Louisiana, and selected rural counties in Kentucky and Washington. Our review included (1) an examination of EEA's legislative history, (2) a review of the allocation process, (3) an examination of the procedures the agents followed in selecting, enrolling, and placing participants, and (4) discussions with cognizant officials.

Of the \$983.5 million awarded by the Secretary of Labor during the first program year to fund EEA programs, the program agents reviewed received \$45.9 million, or about 4 7 percent of the total funds.

GAO REPORTS TO THE CHAIRMAN, SUBCOMMITTEE ON  
EMPLOYMENT, POVERTY, AND MIGRATORY LABOR,  
SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE,  
ON EEA PROGRAMS

"Review of the Allocation of Funds for the Public Employment Program under the Emergency Employment Act of 1971" (B-163922, Dec. 17, 1971).

"Delay in Hiring of Persons under the Public Employment Program" (B-163922, Feb. 16, 1972).

"Report on the Preparation and Approval of Plans to Implement the Public Employment Program" (B-163922, Mar 17, 1972).

"Selection and Enrollment of Participants in Programs under the Emergency Employment Act of 1971" (B-163922, Oct. 12, 1972).

"Types of Jobs Offered to Unemployed Persons under the Emergency Employment Act of 1971" (B-163922, Nov. 27, 1972).

"Impact of Grants to Indian Tribes under the Emergency Employment Act of 1971" (B-163922, Mar. 14, 1973).

"Public Service Benefits from Jobs under the Emergency Employment Act of 1971" (B-163922, June 8, 1973).

FUNDS ALLOCATED AS OF JUNE 30, 1972,  
TO PROGRAM AGENTS REVIEWED

	<u>Section 5</u>	<u>Section 6</u>	<u>Total</u>
	—————(thousands)—————		
Detroit, Michigan	\$12,803.5	\$ 6,270.3	\$19,073.8
Kentucky (four counties reviewed)	366.8	592.5	959.2
New York City	15,811.0	7,701.0	23,512.0
Rapides Parish, Louisiana	393.4	199.4	592.8
St. Landry Parish, Louisiana	373.3	219.3	592.6
Washington (three counties reviewed)	<u>508.4</u>	<u>648.0</u>	<u>1,156.4</u>
Total	<u>\$30,256.4</u>	<u>\$15,630.5</u>	<u>\$45,886.9</u>

CHARACTERISTICS OF EEA PARTICIPANTS

BY PROGRAM AGENTS REVIEWED AND NATIONWID

<u>Characteristics</u>	<u>New York City</u>		<u>Detroit</u>		<u>Kentucky</u>	
	<u>(Section 5)</u>	<u>(Section 6)</u>	<u>(Section 5)</u>	<u>(Section 6)</u>	<u>(Section 5)</u>	<u>(Section 6)</u>
	(percent)					
<b>Sex</b>						
Male	68	63	54	59	74	73
Female	32	32	46	41	26	27
<b>Group</b>						
White	42	13	33	25	96	94
Black	42	63	66	74	4	6
American Indian	-	-	-	-	-	-
Oriental	1	3	-	-	-	-
Spanish-American	15	21	1	1	-	-
Other	-	-	-	-	-	-
<b>Military status</b>						
Special veterans	15	10	8	2	1	8
Vietnam-era veterans	6	13	10	8	9	3
Other veterans	14	16	7	13	33	27
Nonveterans	65	61	75	77	57	62
<b>Disadvantaged</b>	32	70	49	49	36	25
<b>Previously employed by agency</b>	20	9	22	55	3	6
<b>Public assistance recipient</b>	7	13	9	9	1	-
<b>Professional--other than teacher</b>	4	1	3	-	1	1
<b>Age</b>						
21 or less	15	19	26	20	12	18
22 to 44	75	69	66	67	51	47
45 to 54	7	10	6	11	21	20
55 to 64	3	2	2	2	15	13
65 and over	-	-	-	-	1	2
<b>Education</b>						
8th grade or less	3	3	-	5	34	30
9th to 11th grade	17	26	8	18	15	13
12th grade	31	45	58	50	46	45
13 to 15 years	11	18	24	19	4	9
16 years or more	38	8	10	8	1	3
<b>Hourly EEA wages</b>						
Under \$2 00	-	6	20	23	41	47
\$2 00 to \$2 99	39	28	9	7	50	37
\$3 00 to \$3 99	20	51	45	32	7	12
\$4 00 to \$4 99	5	10	21	33	1	3
\$5 00 and over	36	5	5	5	1	1

Louisiana		Washington		National average	
(Section 5)	(Section 6)	(Section 5)	(Section 6)	(Section 5)	(Section 6)
(percent)					
87	82	77	61	72	72
13	18	23	39	28	28
49	56	93	95	66	58
51	44	2	1	20	27
-	-	1	1	2	1
-	-	2	1	1	1
-	-	2	2	6	8
-	-	-	-	5	5
20	25	7	6	12	11
6	7	35	26	17	15
16	11	18	13	15	15
58	57	40	55	56	59
97	96	20	24	36	40
1	3	6	3	10	10
5	1	10	12	11	12
1	2	7	2	6	4
19	15	17	21	14	16
58	72	72	69	71	68
16	10	6	5	10	10
7	3	4	5	5	5
-	-	1	-	-	1
33	21	5	2	9	10
20	22	15	9	15	18
28	44	47	57	43	45
17	9	16	22	19	17
2	4	17	10	14	10
77	44	-	8	16	18
22	54	42	44	47	46
1	2	41	28	25	26
-	-	9	16	8	7
-	-	8	4	4	3

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